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FOR AMBASSADOR FROM ASSISTANT SECRETARY ROGERS

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: ARA WEEKLY HIGHLIGHTS

1. SUMMARY: THE SECRETARY GAVE A MAJOR SPEECH ON LOS. VENEZUELA NATIONALIZED OWENS-ILLINOIS WHEN IT DEFIED GOV POLICY OF NO CONCESSIONS TO NIEHOUS KIDNAPPERS. PERU HAS MADE A REALISTIC OFFER FOR MARCONA. ON A SEPARATE FRONT, THE GOP APPEARS TO BE INTERESTED IN ADDITIONAL SOPHISTICATED SOVIET WEAPONRY. CHILE WILL NOT SEEK DEBT ROLLOVER WITH PARIS CLUB AND MAY BE ABLE TO AVOID DEFAULT. GUATEMALA REQUESTS PL 480 CORN BUT DROPS INTEREST IN \$100 MILLION ADDITIONAL RECONSTRUCTION AID. US AND MEXICAN COMMITTEES ON ILLEGAL ALIENS WILL CONVENE NEXT WEEK. COLOMBIAN STUDENT VIOLENCE PEAKS AND THEN ABATES, FOR THE MOMENT. PRESIDENT FORD IS BRIEFED ON THE MEXICAN HEROIN PROBLEM. MEXICAN COOPERATION WAS STRESSED AND THE CONCLUSION WAS THAT MORE NEEDS TO BE DONE IN U.S. AGAINST FINANCIERS AND TO SEEK VIGOROUS PROSECUTION OF TRAFFICKERS. THE ATMOSPHERE AT HEARINGS OF THE PANAMA CANAL SUBCOMMITTEE

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OF THE HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE WAS

LESS HOSTILE THAN EXPECTED. THE SUBCOMMITTEE WILL INSIST THAT THE HOUSE HAVE A ROLE IN CONSIDERING ANY NEW TREATY. ARA WAS REPRESENTED BY BILL LUERS AT THE DEPT'S LATEST "TOWN MEETINGS" IN PORTLAND, OREGON AND SAN FRANCISCO. END SUMMARY.

2. SECRETARY'S SPEECH ON LAW OF THE SEA. ON APRIL 8 THE SECRETARY GAVE A MAJOR SPEECH IN NEW YORK ON LAW OF THE SEA ISSUES. HIS SPEECH CONTAINED A NUMBER OF SIGNIFICANT U.S. ACCOMMODATIONS TO THIRD WORLD POSITIONS. WE HOPE IT WILL LEAD TO BREAKING THE DEADLOCK IN COMMITTEE I AND MOVE US TOWARD A SECOND LOS MEETING THIS SUMMER. YOU HAVE ALREADY SEEN THE SPEECH AND GUIDANCE ON THE ISSUES.

3. VENEZUELA NATIONALIZES OWENS-ILLINOIS. KIDNAPPERS OF WILLIAM NIEHOUS, AN OWENS-ILLINOIS EXECUTIVE IN VENEZUELA TAKEN FROM HIS HOME FEBRUARY 27, PRESENTED RANSOM DEMANDS MORE POLITICAL THAN ECONOMIC IN CHARACTER. AMONG THESE WAS PUBLICATION BY THE COMPANY IN THE VENEZUELAN PRESS OF A COMMUNIQUE HIGHLY DENUNCIATORY OF MULTINATIONAL CORPORATIONS, THE GOVERNMENT OF VENEZUELA, AND SPECIFIC ADVISORS OF PRESIDENT PEREZ. WHEN THE GOV REFUSED TO ALLOW PUBLICATION, THE KIDNAPPERS TOLD THE COMPANY TO PUBLISH ABROAD. COMPLIANCE WITH THIS AND OTHER DEMANDS BROUGHT SWIFT GOV REACTION NATIONALIZING THE COMPANY. WE SUPPORT THE FIRM ANTI-TERRORISM POLICY OF THE GOVERNMENT, BUT WE HAVE MADE KNOWN OUR CONCERN OVER ITS TENDENCY TO USE NATIONALIZATION AS A SANCTION FOR THE ENFORCEMENT OF LAWS.

4. GUATEMALA. WE HAVE RECEIVED A GUATEMALAN REQUEST FOR SPECIAL AUTHORIZATION OF 50,000 TONS OF CORN UNDER TITLE 1 PL 480. A CONGRESSIONAL WAIVER WILL BE REQUIRED, SINCE 75 PERCENT OF TITLE 1 ASSISTANCE IS LIMITED TO NATIONS WHOSE PER CAPITA INCOME IS UNDER \$300, AND THE REMAINING 25 PERCENT IS ALREADY EXPENDED. THIS IS A NEW LAW, BUT WE ARE FAINTLY OPTIMISTIC.

5. REGARDING RECONSTRUCTION AID, THE GUATEMALANS HAVE
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ACKNOWLEDGED THAT THEY COULD NOT IMMEDIATELY ABSORB AN ADDITIONAL \$100 MILLION IN ASSISTANCE THAT FOREIGN MINISTER MOLINA MENTIONED TO THE SECRETARY IN FEBRUARY, GIVEN THE LARGE AVAILABILITY OF RESOURCES FROM ALL DONORS NOW.

6. ILLEGAL ALIENS. ON APRIL 19 - 21 WE WILL HOST A DELEGATION OF MEXICANS FOR THE FIRST MEETING BETWEEN THE

FULL MEMBERSHIP OF THE RESPECTIVE GOVERNMENTS' INTER-AGENCY COMMITTEES ON ILLEGAL ALIEN WORKERS. BILL LUERS WILL BE CHAIRING THE US. DELEGATION.

7. CHILEAN DEBT. THE CHILEANS HAVE DECIDED THEY WILL NOT SEEK INTERNATIONAL DEBT RESCHEDULING THROUGH THE PARIS CLUB, AND, SURPRISINGLY, THEY MAY MEET THEIR DEBT OBLIGATIONS. THAT IS, IF COPPER PRICES DON'T FALL, AND A NEW YORK BANK GROUP EXTENDS \$150 MILLION LOAN, WHICH FINANCE MINISTER CAUAS IS NOW NEGOTIATING. TOUGHING IT OUT IMPLIES A MORE EXTENDED PERIOD OF LOW-ECONOMIC GROWTH AND STRETCHED-OUT UNEMPLOYMENT FOR CHILE.

8. MARCONA. A NEGOTIATING TEAM HEADED BY UNDER SECRETARY MAW BROUGHT BACK A VERY PROMISING OFFER FROM PERU, AND WHILE FINE TUNING REMAINS, WE THINK WE CAN STRIKE A BARGAIN INVOLVING CASH AND ORE SHIPMENT COMMITMENTS EQUALLY ADVANTAGEOUS TO MARCONA AND THE GOP.

9. PERUVIAN ARMS MISSION - HEADED BY ARMY CHIEF OF STAFF, A PERUVIAN ARMS BUYING MISSION VISITED THE U.S. DURING THE WEEK OF MARCH 28 - APRIL 2. THE GROUP IRONED OUT SOME DETAILS OF EARLIER PURCHASES AND PROCEEDED TO MOSCOW, WHERE IT IS BELIEVED THEY WILL BE SEEKING MORE SOPHISTICATED SOVIET WEAPONRY.

10. COLOMBIA. WEEKS OF MOUNTING AGITATION AND VIOLENCE BY STUDENT AND LABOR GROUPS IN COLOMBIA CULMINATED THIS WEEK IN A GOVERNMENT DECISION TO EMPLOY STERNER MEASURES OF PUBLIC CONTROL. THE UNIVERSITY WAS CLOSED AND TROOPS WERE AUTHORIZED TO OPEN FIRE WHEN ATTACKED. BY THE TIME THIS DECISION WAS TAKEN, MANY OBSERVERS HAD BECOME SOMEWHAT CONCERNED FOR THE POLITICAL STABILITY OF THE NATION. CONFIDENTIAL

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THERE WAS ALSO SPECULATION AS TO HOW MUCH OF THE DECISION CORRESPONDED TO PRESIDENT LOPEZ AND HOW MUCH TO THE NATION'S MILITARY LEADERS. THE IMMEDIATE RESULT, HOWEVER, APPEARED TO BE A CALMING OF TENSION AND A RESTORATION OF PUBLIC ORDER.

11. NARCOTICS. ON APRIL 7 THE DOMESTIC COUNCIL BRIEFED THE PRESIDENT AND VICE PRESIDENT ON NARCOTICS. UNDER SECRETARY SISCO AND AMBASSADOR VANCE PARTICIPATED FROM THE STATE DEPARTMENT.

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THE MEXICAN HEROIN PROBLEM WAS THE MAIN FOCUS. THE BRIEFING STRESSED THE DIFFICULTY OF DESTROYING OPIUM POPPIES GROWN IN REMOTE MOUNTAINS OF MEXICO AND INTERDICTING THE HEROIN AS IT MOVES ACROSS THE BORDER. THE

COOPERATION OF THE MEXICAN AND OTHER GOVERNMENTS WITH THE US WAS STRESSED. THE CONCLUSIONS FOCUSED ON STEPS TO BE TAKEN IN THE UNITED STATES. IRS SHOULD GO AFTER

HIGH LEVEL FINANCIERS OF THE TRAFFIC WHO KEEP THEMSELVES REMOVED FROM THE ACTUAL TRANSACTIONS. US ATTORNEY'S SHOULD BE EDUCATED ON THE HIGH PRIORITY OF PROSECUTING TRAFFICKERS. PASSAGE OF MANDATORY MINIMUM SENTENCES SHOULD BE SOUGHT IN CONGRESS. THE PRESIDENT PLANS TO MAKE A MAJOR SPEECH ON THE SUBJECT SOON AND TO SEND A MESSAGE TO CONGRESS THIS MONTH.

12. HEARINGS ON PANAMA CANAL. THE PANAMA CANAL SUB-COMMITTEE OF THE HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE HELD HEARINGS APRIL 6-8. ASSISTANT SECRETARY OF THE ARMY VEYSEY AND GOVERNOR PARFITT PROVIDED STATEMENTS AND TESTIMONY PRIMARILY ON THE FINANCIAL SITUATION, NEED FOR A TOLL INCREASE, AND THE RECENT LABOR ACTIONS IN THE ZONE. SHIPPING INTERESTS AND EMPLOYEE GROUPS ALSO APPEARED. THERE WAS CONSIDERABLE AWARENESS THAT THE CANAL IS AN AGING UTILITY WITH SERIOUS FINANCIAL PROBLEMS.

IN A CLOSED SESSION APRIL 8, AMBASSADOR BUNKER AND MINISTER BELL PROVIDED CANDID STATEMENTS ON THE STATUS OF THE NEGOTIATIONS AND ON RECENT POLITICAL EVENTS IN CONFIDENTIAL

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PANAMA, E.G., THE TORRIJOS TRIP TO CUBA AND THE GOP/BUSINESS CONFRONTATION RESULTING FROM THE EXPULSION OF 13 PANAMANIAN BUSINESSMEN. THE MAJORITY OF THE SUBCOMMITTEE IS ANTI-TREATY, BUT THE CANDID STATEMENTS EVIDENTLY SERVED TO MAKE THE QUESTION AND ANSWER PERIOD LESS HOSTILE THAN WAS THE CASE IN THE HEARINGS HELD ABOUT A YEAR AGO AND, IN GENERAL, THE HEARINGS WENT BETTER THAN WE HAD EXPECTED. THE SUBCOMMITTEE MEMBERS CLEARLY WILL INSIST THAT THE HOUSE PLAY A MAJOR ROLE IN PASSING JUDGMENT ON ANY NEW TREATY.

13. BILL LUERS JOINED SAM LEWIS (IO), BILL SCHAUFLE (AF), AND JACK ARMITAGE (EUR) ON A "TOWN MEETING" VISIT TO PORTLAND, OREGON AND SAN FRANCISCO. THE PURPOSE OF THE TRIP WAS TO LISTEN MORE THAN EXPLAIN TO GROUPS -- OVER 500 INTERESTED CITIZENS ATTENDED THE PORTLAND SESSION AND A SMALLER GROUP IN SAN FRANCISCO. THERE WAS EXTENSIVE TV AND PRESS COVERAGE IN BOTH CITIES.

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